



General Assembly

February Session, 2010

***Raised Bill No. 271***

LCO No. 1509

\*01509\_\_\_\_\_BA\_\*

Referred to Committee on Banks

Introduced by:  
(BA)

***AN ACT CONCERNING THE TREASURER'S TRUST PREFERRED  
SECURITY PURCHASE PROGRAM.***

Be it enacted by the Senate and House of Representatives in General  
Assembly convened:

1      Section 1. (NEW) (*Effective October 1, 2010*) (a) As used in this  
2      section:

3      (1) "Commissioner" means the Banking Commissioner;

4      (2) "Connecticut trust preferred securities" means trust preferred  
5      securities of eligible institutions that are issued in a pooled  
6      arrangement and qualify at each participating eligible institution as  
7      Tier 1 capital pursuant to the provisions of the statutes, rules,  
8      regulations and interpretations that govern the Federal Reserve Board;

9      (3) "Eligible institution" means those banks and their respective  
10     holding companies certified by the commissioner as being qualified to  
11     issue Connecticut trust preferred securities;

12     (4) "Independent trustee" shall include any trust company or bank  
13     having the powers of a trust company, within or without this state,  
14     that is (A) appointed by the issuing trust as trustee under the

15 agreement or indenture that creates the reserve fund, and (B) approved  
16 by the Treasurer, and includes any successor trust company or bank  
17 having the powers of a trust company, within or without this state,  
18 succeeding a prior trust company or bank as trustee so appointed and  
19 approved;

20 (5) "Issuing trust" means the business trust formed by an eligible  
21 institution for the purpose of issuing Connecticut trust preferred  
22 securities;

23 (6) "Tier 1 capital" means the core measure of a bank's financial  
24 strength from a regulator's point of view and includes core capital,  
25 which consists primarily of common stock and disclosed reserves; and

26 (7) "Trust funds" means those trust funds listed in section 3-13c of  
27 the general statutes;

28 (b) The Treasurer, as principal trustee of trust funds, shall be  
29 authorized to purchase and acquire Connecticut trust preferred  
30 securities issued pursuant to this section.

31 (c) Eligible institutions may form an issuing trust for purposes of  
32 issuing Connecticut trust preferred securities for purchase by the  
33 Treasurer on behalf of trust funds pursuant to such terms and  
34 conditions as the Treasurer may prescribe.

35 (d) The terms of Connecticut trust preferred securities shall be  
36 established pursuant to an indenture or other agreement between the  
37 issuing trust and an independent trustee approved by the Treasurer.  
38 Such indenture or agreement shall include any other covenants,  
39 representations or issuing requirements imposed by the Treasurer or  
40 by the statutes, rules, regulations and interpretations governing the  
41 Federal Reserve Board. Such indenture or agreement may also include  
42 covenants to pay the fees and expenses of the independent trustee and  
43 any other provisions that the Treasurer deems necessary or  
44 appropriate to secure payment of the Connecticut trust preferred

45 securities.

46 (e) If the issuing trust defers the payment of dividends on the  
 47 Connecticut trust preferred securities pursuant to such indenture or  
 48 other agreement and as permitted under the statutes, rules, regulations  
 49 and interpretations governing the Federal Reserve Board, the amount  
 50 so deferred shall be deemed appropriated from the General Fund and  
 51 paid to the trust funds. The trust funds shall repay the amount of the  
 52 deferred payments to the General Fund at such times as set forth in the  
 53 indenture or other agreement delivered in connection with the  
 54 Connecticut trust preferred securities.

55 (f) The commissioner may adopt regulations in accordance with  
 56 chapter 54 of the general statutes to govern the determination of  
 57 eligible institutions under this section.

This act shall take effect as follows and shall amend the following sections:

Section 1	October 1, 2010	New section
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**Statement of Purpose:**

To expand a bank's ability to raise capital and ensure the continuous delivery of lending products to such bank's communities by enhancing the ability of the trust funds to purchase long-term Connecticut trust preferred securities issued by the bank.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*